BC Housing

Service Plan

2004/2005 – 2006/2007

BRITISH COLUMBIA

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Letters of Presentation

February 17, 2004

Murray Coell
Minister of Community, Aboriginal and Women's Services
Province of British Columbia

Minister:

I have the honour to submit for your approval, the Service Plan of the British Columbia Housing Management Commission (BC Housing) for the period 2004/2005-2006/2007. This report was prepared in accordance with the *Budget Transparency and Accountability Amendment Act* and the government reporting principles. The Plan is designed to ensure that BC Housing is accountable to government and to British Columbians for the programs and services delivered and the public funds administered. Senior management and I, as BC Housing's Interim Chair, are accountable for the contents of this report.

Sincerely,

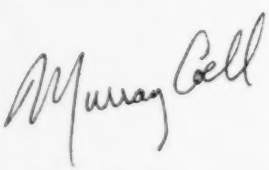
Lori Wanamaker
Interim Chair,
Board of Commissioners

February 17, 2004

The Honourable Iona Campagnolo
Lieutenant-Governor of the Province of British Columbia

May it please Your Honour:

I have the pleasure to present the Service Plan of the British Columbia Housing Management Commission for the period of 2004/2005-2006/2007.



Murray Coell
Minister of Community, Aboriginal
and Women's Services

Message From the CEO

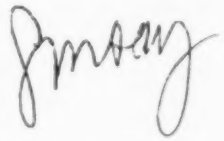
Most people buy or rent homes through the private market. However, communities across the province are facing a number of housing challenges. Our large urban centres continue to experience some of the highest housing costs in the country. In both Vancouver and Victoria, vacancy rates in the rental market are at, or just slightly above, one per cent. As a result, appropriate and affordably priced housing is unattainable for some British Columbians. These people often have special needs, arising from their health, age or other circumstances and require support.

The availability of safe, affordable and accessible rental housing, especially for low- and moderate-income individuals and families, plays a critical role in promoting opportunities for self-sufficiency and strengthening the ladder to home ownership. For some of our most vulnerable citizens – those with health and social concerns – access to affordable housing and other support services is vital to improving their quality of life and maintaining their independence.

Our challenge is to design new ways of assisting people in the greatest housing need, while building and maintaining a housing system that can be sustained over the long term. Partnerships with the private sector, other levels of government and community groups will be central to meeting these challenges. In co-operation with the local health authorities, BC Housing is also working to ensure that appropriate support services are in place for vulnerable tenants.

Partnerships are the foundation of the new housing for health program, *Independent Living BC*. Introduced in 2002, the program will create 3,500 independent living units with support services across the province for frail seniors and adults with disabilities who have low incomes. As well, innovative partnerships that provide new housing without the need for ongoing subsidies are increasingly important to our goal of increasing housing options for our most vulnerable citizens.

In accordance with the *Budget Transparency and Accountability Amendment Act*, this Service Plan describes BC Housing's strategic goals for the next three years and how we plan to achieve those goals. It outlines the trends and challenges affecting our programs and services and describes the partnerships, means and strategies needed to ensure that BC Housing is a high-performing organization that fulfills our vision to *work in partnership to create housing options for those most vulnerable in our communities*. I am confident that this Service Plan reflects the energy and talent of those at BC Housing and our commitment to working together with our partners to tackle these challenges.



Shayne Ramsay
Chief Executive Officer

Overview of the Organization

Values, Vision, Mission and Guiding Principles

OUR CORE VALUES:

Home, Dignity, Community

OUR VISION:

Working in partnership to create housing options for those most vulnerable in our communities.

OUR MISSION:

Providing housing options to vulnerable British Columbians to assist them in achieving independence and self-sufficiency.

OUR GUIDING PRINCIPLES:

- Building alliances and partnerships
- Respecting community leadership and expertise
- Protecting public investment
- Providing cost-effective solutions

Our Organization

The British Columbia Housing Management Commission (BC Housing) was created in 1967 through an Order in Council under the *Housing Act* to fulfill the government's commitment to the development, management and administration of subsidized housing. BC Housing is responsible for implementing the provincial government's housing programs.

Guiding BC Housing is a Board of Commissioners, appointed by the Lieutenant-Governor in Council. The Board of Commissioners, in co-operation with senior management, sets the direction for the organization based on the province's planning and reporting principles and ensures that BC Housing aligns its business activities with government's housing priorities.

The provincial government recognizes that the health of our communities is equally important to our economic prosperity, our individual well-being and the sustainability of our environment.[1] Government is committed to promoting communities in which diversity is valued and where there is a flexible, innovative social infrastructure to support our more vulnerable citizens. The strategies outlined in this Service Plan are key to achieving this goal. Government's housing priorities are reflected in the work underway through the Core Services Review process. We are currently examining how to align existing programs and services to serve the most vulnerable. Options and recommendations for program implementation will be brought to Cabinet in the spring of 2004 and will be reflected in next year's Service Plan.

The work of BC Housing enhances the lives of people in housing need and contributes to the social and economic health of the province. Our programs will help more than 56,300 (2004/05) households with low incomes and/or with special needs find and maintain appropriate and affordable housing. This provides them with the opportunity to continue to live independently and contribute to their communities. The number of households assisted will increase in each of the next three years as people are able to move into new units created through the Provincial Housing Program and *Independent Living BC*.

In 2004/05 BC Housing plans to generate revenues and incur expenditures of $287 million. From the provincial government, BC Housing receives about 50 per cent of its funding with the remainder coming from the federal government, tenant rents and other revenue (see table on Page 5). BC Housing has approximately 355 FTEs (full time equivalent positions) in seven locations throughout British Columbia. BC Housing staff have the experience and expertise to ensure that we are well positioned to meet our goals and objectives.

BC Housing is governed by the *Ministry of Lands, Parks and Housing Act*, (RSBC 1996) Chapter 307 British Columbia Housing Management Commission Regulation, B.C. Reg. 490/79. BC Housing also adheres to the following legislation:

- *Budget Transparency and Accountability Amendment Act*, (RSBC 2001) Chapter 29
- *Community Care Facility Act*, (RSBC 1996) Chapter 60
- *Financial Administration Act*, (RSBC 1996) Chapter 136
- *Financial Information Act*, (RSBC 1996) Chapter 140
- *Ombudsman Act*, (RSBC 1996) Chapter 340
- *Residential Tenancy Act*, (RSBC 1996) Chapter 406
- *Shelter Aid for Elderly Renters Act*, (RSBC 1996) Chapter 424

[1] *Provincial Government Strategic Plan 2002/03-2004/05; page 15*

Business Overview

The following chart provides a business overview of BC Housing and the link between inputs from our budget and our allocation across key program areas. These linkages are further reinforced in the goals and strategies as set out in this Service Plan.

FUNDING	CORE ACTIVITIES	PROGRAM EXPENSES	SERVICE ALLOCATION
Provincial Government $142.4 M	Management of Public Housing and Group Homes	Operating Expenses for Public Housing $51.6 M	Public Housing Units 7,800 Units
Federal Government $98.8 M		Subsidies to Non-Profit and Co-operative Housing $180.8 M	Non-Profit and Co-operative Housing 33,400 Units
Public Housing Tenant Rent $29.4 M	Administration of Housing Programs and Services		
Provincial Supporting Ministries $12.0 M		Rent Supplement Assistance $29.7 M	Tenants Living in the Private Rental Market 15,100 Units
Other $4.5 M	Facilitation of an Increased Supply of Affordable Housing	Administration $20.5 M	
Total Revenue $287.1 M		Total Expenses $287.1 M	Total Units 56,300

Note: These are rounded numbers

How We Provide Our Services

Affordable and appropriate housing is essential to enable vulnerable individuals and families to seek and retain employment; stabilize and maintain their health; and engage in education and community activities. Two branches – Development Services and Housing Operations – are responsible for the delivery of BC Housing's three core activities:

- facilitation of an increased supply of affordable housing
- management of public housing and group homes
- administration of housing programs and services

The Development Services branch facilitates the creation of a range of subsidized housing options in partnership with the private sector, community-based housing providers, other levels of government and the regional health authorities. Key programs are the Provincial Housing Program and *Independent Living BC*. BC Housing also works with these partners to develop group homes and other supportive housing arrangements such as supportive seniors housing, housing for people with persistent mental illness and housing for individuals who are homeless or at risk of homelessness. BC Housing's first goal of *Increased Housing Options* is achieved in large part through the work of the Development Services branch.

The Housing Operations branch is responsible for the oversight and management of approximately 7,800 public housing units and 300 group homes as demonstrated in the measures and targets set out in goal two: *Client Focused Service Delivery for Those Most in Need*. This Branch also administers housing programs and services in partnership with our non-profit and co-operative housing partners, as reflected in our third goal: *Sustainable Local Housing Solutions*. Regional offices in Vancouver, Burnaby, Penticton, Prince Rupert, Victoria and Prince George ensure that services are provided effectively at the community level.

The Development Services and Housing Operations branches draw on shared services provided by Corporate Services, Corporate Communications and Personnel and Labour Relations. Together these branches ensure effective human resource management, the efficient use of information technology and information management, financial administration and a commitment to maintaining the highest standards of conduct and customer service in order to build and sustain the public's trust and confidence.

Collectively these branches contribute to the fourth goal, ensuring that BC Housing is *A High Performing Organization.*

Strategic Goals

1. Increased Housing Options
2. Client Focused Service Delivery for Those Most in Need
3. Sustainable Local Housing Solutions
4. A High Performing Organization

Organization Chart and Key Responsibilities

Housing Operations

- Maintains the Housing Registry and allocates units in public housing.
- Delivers rent supplement assistance to households living in the private rental market.
- Provides financial and administrative support to non-profit and co-operative housing sectors.
- Manages public housing and group homes.
- Facilitates community-based programs to meet complex housing and health needs.

Corporate Services

- Provides corporate services including finance, payroll, information systems, research and planning, legal and program analysis.
- Provides mortgage administration for BC Housing and Provincial Rental Housing Corporation.
- Provides construction financing through our status as a national Housing Act approved lender.

Development Services

- Facilitates the development of subsidized housing options for the most vulnerable. This includes group homes, supportive seniors housing and housing for people who are homeless or at risk of homelessness.

Personnel and Labour Relations

- Recruits and trains staff.
- Facilitates labour relations, negotiations, compensation, job evaluation, benefits management, employment equity and multiculturalism.
- Oversees occupational health and safety.

PROVINCIAL RENTAL HOUSING CORPORATION

The Provincial Rental Housing Corporation (PRHC) is the land-holding corporation for provincially-owned social housing. BC Housing administers PRHC, which buys, holds and disposes of properties, and leases residential properties to non-profit societies and co-operatives.

PRHC does not employ any staff. The Chair of BC Housing and senior management serve as PRHC Directors. It is a company incorporated under the *Society Act* with the Minister responsible for housing as the sole shareholder.

Who We Serve

Three broad categories of targeted populations have been identified for housing assistance. Each category is representative of the continuum of housing that BC Housing provides to British Columbians in need.

- Households in crisis, many of which may be homeless, who require housing and other types of assistance to stabilize their lives
- Elderly and disabled individuals, as well as households with persistent health issues, who require affordable housing with support services to enable them to live independently in the community
- Families and individuals who, because of low incomes, require housing assistance to enable them to make a transition to a self-supporting lifestyle

HOUSEHOLDS IN CRISIS - ADDRESSING HOMELESSNESS

BC Housing works to address the worst scenario of housing need – homelessness. Throughout BC, a growing number of people are homeless or at risk of homelessness because of an array of problems. These include an inability to afford anything other than poor quality housing, discrimination in the housing market – particularly if they have mental health issues – or the need for additional assistance to find and maintain housing.

The City of Vancouver estimates that there are approximately 1,000 people in the city who are homeless each day, with increasing numbers living in the surrounding municipalities, such as Surrey and New Westminster. There is also a growing number of homeless people in Victoria, Nanaimo, Prince George, Kelowna and Kamloops. It is more and more difficult for emergency housing providers to keep up with demand. Increasingly, people are being turned away from shelters due to lack of space or lack of appropriate beds.

An effective response to the needs of those who are homeless requires a broad range of approaches including crisis/emergency services as well as transitional and re-integrative strategies. It also includes the development of a continuum of housing and support options designed to assist individuals in making the transition from homelessness to permanent housing. BC Housing has worked in partnership with non-profit societies, the private sector and the three levels of government to address homelessness through the development of more than 2,600 units of housing for individuals who are homeless or at risk of homelessness. One unique development that was recently opened in Vancouver, the Dr. Peter Centre, is Canada's first supportive housing development and day program for people with HIV/AIDS. The residence will accommodate individuals who have been long-stay hospital patients and those generally in and out of hospital who may be living in emergency shelters, SRO hotel rooms, or on the street. Based on data from the original Dr. Peter Health Centre, people in the program reduced their hospital stays by 55 per cent, and residents by a staggering 98 per cent, within one year.

ASSISTING THOSE IN NEED OF AFFORDABLE HOUSING AND SUPPORT

Affordability issues are often complicated with health and other social concerns. In these cases, housing must be combined with support in order to allow these individuals and families to maintain or regain their independence. In recent years, there has been a growing recognition of the inter-relationship between housing and health and the role that access to housing plays in promoting the physical, mental and social well-being of vulnerable and marginalized groups and individuals. As a result, BC Housing and our non-profit housing partners have focused our efforts on households in need of both housing and support.

Households with complex or multiple social and needs – Currently there are more than 12,000 individuals with multiple social and health needs receiving some level of housing assistance. In response to this, we have developed innovative partnership strategies and initiatives between health authorities and specialist agencies, and have built complementary staff skills. For example, more than 1,100 people with a mental illness have been housed under the BC Housing Health Services Program – a partnership with the Ministry of Health Services and the health authorities. Programs such as this provide an integrated approach to meeting the government's overall social and health objectives.

Frail Seniors – There are currently 246,000 people aged 75 and over in BC and this number is projected to rise to more than 411,000 by 2021 (P.E.O.P.L.E. Projection 27[2]). As the population of the province grows and ages it is a challenge to ensure that the programs and services available for seniors remain among the best in Canada.

[2] *P.E.O.P.L.E. Projection 27. Population Section, BC Stats, Ministry of Management Services, Government of British Columbia*

Helping elderly seniors remain in independent as long as possible reduces pressures on health and long-term care resources. Approximately 28,000 low-income seniors households receive some form of housing assistance, of which more than half is targeted to frail seniors.

Responding to the changing needs of aging seniors is the focus of the *Independent Living BC* program – a housing for health partnership designed to meet the needs of seniors and people with disabilities who require some personal assistance, but who do not need 24-hour facility care. In an independent living environment, tenants are encouraged to make decisions and accept personal responsibility for their care. Under the program, personal assistance and services are delivered in a flexible and responsive manner designed to meet each person's individual and unique needs and circumstances, rather than expecting the person to fit pre-established programs.

BRITISH COLUMBIANS IN NEED OF AFFORDABLE HOUSING

In BC, the private sector provides 95 per cent of all housing and meets the needs of the majority of British Columbians. Approximately 65,000 households in BC are in core housing need and are paying more than 50 per cent of their income on rent. For some, the challenge of finding appropriately priced housing is exacerbated by health, age or other conditions that require some form of support. Such households face obstacles that can be overcome through the assistance of affordable housing. Without this assistance many of these households would be at risk of poverty and exclusion and may be unable to access health services and other opportunities.

Last year, BC Housing responded to more than 72,000 housing inquiries and received approximately 6,100 new applications for housing. BC Housing maintains The Housing Registry, a current centralized database of applicant information that housing providers can access when units come available and for access/placement in public housing. The Housing Registry contains information on more than 11,000 households, including adults with physical and mental disabilities, seniors, women and their children fleeing abuse and low-income families. As public housing units become available they are allocated first to those in the greatest need. Need is determined by the application of a point score that assigns points based on housing need. As existing units turned over, more than 1,100 of these households were housed last year in public housing.

For some, progress towards self-sufficiency can be made through the assistance of affordable housing. Similarly, the co-ordination of supports from other government programs can assist families and individuals to make the transition from subsidized to market housing. In order to maximize independence and move towards self-sufficiency, BC Housing has initiated a three-year demonstration project that supports families to reduce their dependency on government subsidies. Participants develop action plans to increase their long-term life choices including education, career, work options and other goals. Participants may also increase their financial assets through various measures or benefit from financial incentives for upgrading their training or education.

Core Business Areas

BC Housing, together with our partners, is working to address growing and changing housing needs in an environment where resources are diminishing and costs are increasing. Traditional responses to funding, capital, and direct service delivery are no longer sustainable. Our challenge is to sustain the social housing system in the long term, and to do this we must design new ways of assisting people in the greatest housing need. The following is a summary that highlights the future direction of BC Housing's three core business activities:

- Facilitation of an increased supply of subsidized housing
- Management of existing public housing and group homes
- Administration of housing programs and services

FACILITATION OF AN INCREASED SUPPLY OF SUBSIDIZED HOUSING

A public-private partnership approach is used to create all new subsidized housing. The developments are owned and managed by private and non-profit/co-operative housing providers and are designed and built by the private sector. During the development phase BC Housing acts as a facilitator and often subsidizes the ongoing operation of this housing once it is completed.

There are three ways in which BC Housing facilitates an increased supply of subsidized housing:

1. The *Independent Living BC* Program
2. The Provincial Housing Program
3. Community Partnership Initiatives

Together these programs provide a continuum of housing options that address a variety of housing and support needs of the most vulnerable.

INDEPENDENT LIVING BC

In April 2002, the provincial government announced a new housing for health initiative, *Independent Living BC*. The program is a housing-based model that provides support to low-income seniors and adults with disabilities who can no longer live completely independently, but do not need the level of assistance provided in a residential care facility. It gives people the dignity of having their own home and the security of knowing that help is there when they need it. It also provides for a cost-effective alternative to long-term care.

By 2006, the program will provide 3,500 independent living spaces with support for frail seniors and persons with disabilities. Of these, 1,500 will be newly constructed non-profit units and 1,000 units will be converted from existing non-profit housing or health facilities. The remaining 1,000 units will be provided through rent supplements in private assisted living developments. This program is part of the provincial government's New Era commitment to provide an additional 5,000 new intermediate and long-term care spaces by 2006.

Independent Living BC is delivered through a public-private partnership between BC Housing, the five regional health authorities, the private sector, community-based groups and local government. Once all units are completed in 2006, BC Housing will contribute $17.2 million in annual operating subsidies to support the program.

THE PROVINCIAL HOUSING PROGRAM

The Provincial Housing Program helps fund the creation of new non-profit and co-operative developments that provide safe, secure and affordable housing for some of the province's most vulnerable citizens. Since June 2001, the provincial government has committed funding for the construction of approximately 3,400 units under the Provincial Housing Program.

Once all units are completed in the next two years, provincial subsidies will total approximately $56.4 million annually. The completion of these units (approximately 7,700 since the program's inception in 1994) will bring the program to conclusion.

Communities as diverse as Langford, Lillooett, Williams Lake and Vancouver will have new non-profit and co-operative housing developments that will be home to seniors requiring support services, those homeless and at risk of homelessness, and low-income seniors and families. Private, non-profit, community, and municipal partners have contributed significant land and equity toward these new developments.

Under the Canada-British Columbia Affordable Housing Agreement, the Government of Canada, through Canada Mortgage and Housing Corporation, will contribute $88.7 million towards affordable housing in this province. This funding will be applied to *Independent Living BC* and the Provincial Housing Program.

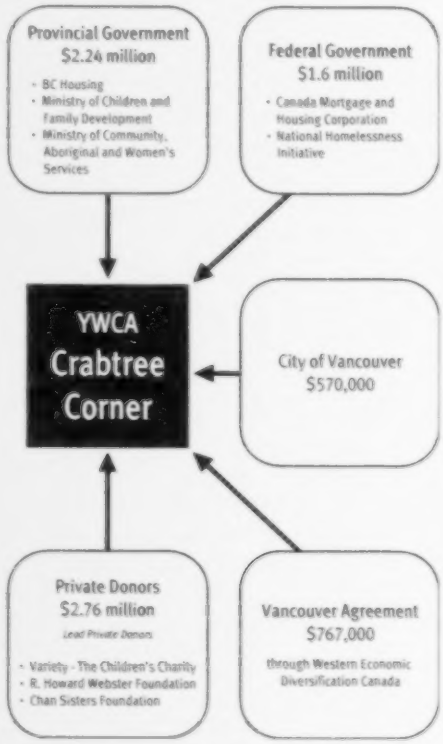
COMMUNITY PARTNERSHIP INITIATIVE

Outside of *Independent Living BC* and the Provincial Housing Program, BC Housing has been partnering with municipalities, non-profit societies and other housing partners to put into place innovative strategies and partnership initiatives that have resulted in the creation of an additional 529 units of housing without the need for any additional ongoing operating subsidy, through one-time or time limited grants. BC Housing's contributions have also included construction and long-term financing. Other contributions have included access to consulting and legal advice. BC Housing's capacity to participate in these innovative partnerships depends on resource availability. The proposals must also be viable without ongoing operating funding from the province.

A PARTNERSHIP MODEL

The new YWCA Crabtree Corner, offers transitional housing, support services and an emergency licensed child care centre for women and children in Vancouver's downtown east side. Crabtree Corner is a multi-partnership initiative:

- YWCA Crabtree Community Centre provides a drop-in centre for women and their children, Fetal Alcohol Syndrome prevention and education, support groups, meal programs, advocacy, and information and referrals on issues such as sexual abuse, violence against women, drug and alcohol dependency, and parenting.
- YWCA Crabtree Corner Emergency Child Care Centre - the only emergency licensed child-care centre in Vancouver - gives mothers an opportunity to participate in support programs.
- Sheway serves pregnant women with substance use problems, and supports mothers and their families until their children are 18 months old. Sheway is a partnership initiative bringing community and government together to guide the program and deliver the services. The four partners are the Ministry of Children and Family Development, the YWCA, Vancouver Coastal Health and the Vancouver Native Health Society.
- Two floors of this five-storey development contain 12 units of temporary housing for pregnant women and new mothers who have issues with substance use.



MANAGEMENT OF EXISTING PUBLIC HOUSING AND GROUP HOMES

Overseeing the efficient and cost-effective management of approximately 7,800 existing public housing units is a key business activity in our efforts to meet the housing and support needs of those most vulnerable. BC Housing also provides administration and property management support for more than 300 group homes and special needs residences on behalf of other provincial ministries and health authorities (including shelters and transition houses). A total of $56.1 million will be spent on the management of the public housing portfolio (2004/05) of which BC Housing manages approximately 70 per cent directly, and oversees the management of the remainder through operating agreements or contracts with housing providers and the private sector. Of this, $33.9 million is recovered through rent and other revenues for a net cost of $22.2 million. The federal government pays 68 per cent of the net cost with the provincial government funding the balance. Various support ministries and health authorities contribute to the operating costs of the group home portfolio.

Public housing is home to many families and individuals who face a number of challenges, such as health or social concerns, and who need a range of housing and support options to allow them to retain their independence. Through time, the public housing stock has become the housing of last resort. Our challenge is to optimize the use of a limited housing stock and to create programs to serve those in the greatest need. For example, BC Housing has partnered with Vancouver Coastal Health to initiate an alcohol and drug recovery program that provides supportive transitional housing to people who have demonstrated a minimum three-month commitment to recovery. To complement the services to tenants, educational support is provided to BC Housing staff to ensure that they have an understanding of key issues related to addiction and the support and treatment options available. The provision of this training is part of the management strategy in being able to support tenants. Without appropriate partnerships and levels of staff support, it would be difficult to meet the needs of these tenants while maintaining a balanced community.

At BC Housing we understand that the subsidized housing stock we manage and administer are more than buildings, they are people's homes and part of the larger community. Our goal of client-focussed service delivery reinforces this commitment. A tenant satisfaction survey requesting feedback on key operational areas is conducted annually. In furthering this goal, and in order to foster healthy, active and inclusive communities, BC Housing has put in place programs to enhance the quality of life and promote the self-sufficiency of tenants living in public housing. A key to this work is our support for the Public Housing Advisory Council as well as tenant activities at the community level. We also support programs, services and volunteer opportunities that promote the social, economic and physical well-being of tenants.

ADMINISTRATION OF HOUSING PROGRAMS AND SERVICES

BC Housing administers a range of housing programs and services that assist people in transition from poverty to self-sufficiency, including:

1. subsidies to community-based non-profit and co-operative housing providers
2. rent assistance to families and individuals to help them find appropriate affordable housing in the private market

Subsidies to community-based non-profit and co-operative housing providers

The existing inventory of social housing represents an important investment in communities across the province. In British Columbia there are 578 non-profit housing developments and 79 housing co-operatives (2004/05) managed by more than 500 different housing sponsors in which BC Housing has a funding administrative relationship. These groups are responsible for the management of approximately 33,400 units of subsidized housing. BC Housing provides financial, administrative and technical support to these groups as well as administering long-term operating agreements and managing the flow of housing subsidies. In administering these programs, BC Housing's role is one of stewardship and accountability with an emphasis on working in partnership with local housing providers to create sustainable housing solutions.

As noted in the 2004/05 Business Overview on page 5, the payment of housing subsidies represents a significant portion of BC Housing expenditures (approximately 63 per cent or $180.8 million in 2004/05). Eighty-two per cent of these subsidies are for the payment of mortgages, taxes, utilities, replacement reserves and insurance (typically referred to as "non-manageable costs").

Rent Assistance

The provision of targeted rent assistance to more than 15,100 (2004/05) households in the private rental market is an important part of the province's housing strategy and represents an investment of $29.7 million (2004/05). Rent assistance provides vulnerable families and individuals with an expanded range of housing options in their community. Targeted programs such as Shelter Aid for Elderly Renters (SAFER) for seniors, *Independent Living BC* for frail and aging seniors and the Supported Independent Living (SIL)[3] program for people with a mental illness give individuals and families the option to remain in their community and live in existing private rental housing.

[3] *BC Housing administers the Supported Independent Living program for two of the five health authorities.*

Planning Context and Key Strategic Issues

The following is a summary assessment of the current state of BC Housing's external and internal business environment. A risk management approach is used by all key operational departments to determine risks, challenges and opportunities. Risk management strategies are then identified that balance current and future market and budget pressures with timing and implementation strategies. A new electronic enterprise-wide risk management approach is currently being piloted. The purpose of this summary is to identify and assess the implications of significant developments that could impact BC Housing's future program and service delivery.

EXTERNAL ENVIRONMENT

CHALLENGES

Market Pressures

Affordability

- BC has the least affordable housing market in the country and Vancouver has the highest housing prices. A new report by RBC Financial Group[4] shows that on average, a family would need to spend about 42 per cent of its gross income - even more in Vancouver - to buy a home. It costs $1,914 per month to carry the average home in Vancouver, which is about $320,637. In Toronto, it would cost $1,874 per month to carry the average house priced at $302,187, and $1,094 per month in Montreal where average homes cost less than half the price of a Vancouver home.

Tight rental market conditions

- Vacancy rates in many communities remain below three per cent - the level that is typically considered the benchmark of a balanced rental market. Vacancy rates in Vancouver and Victoria have remained consistently around one per cent since 2001 and rents have continued to rise by 11.2 per cent for Vancouver and seven per cent for Victoria over a six-year period. The average monthly cost to rent a one-bedroom apartment in Vancouver is $786, compared to $657 in Calgary.

Limited new rental housing construction

- Limited new market rental housing is being constructed and those that are being added are in the higher rent ranges. There is little economic rationale for the market to add new lower-end stock. Taking into consideration the cost of land and other factors, evidence suggests that in spite of the high levels of demand, market rent levels are below the levels required to generate a reasonable return on investment. That is why we see more investments targeted to the condo market as opposed to affordable rental housing. An appropriate regulatory and tax system is key to an active and healthy private sector. The provincial government is currently examining ways to encourage private-sector investment in housing, to provide a range of housing choices.

- The availability of older, more affordable rental housing is also being challenged by the loss of private affordable housing units as the cost of land continues to increase. The erosion of this more affordable rental housing stock tends to be typically older smaller properties built prior to 1970.

Changing Demographics and Client Needs

- The changing socio-demographic profile of households including the growth of services needed for those over 75 represents a significant challenge that must be addressed. As mentioned previously, there are 246,000 people in BC over the age of 75 and this number is expected to increase to more than 411,000 by 2021.

- An overwhelming majority of seniors live in private dwellings and the majority wish to remain living independently in their homes and their communities for as long as possible. Evidence shows that helping seniors remain in independent housing as long as possible not only contributes to an enhanced quality of life for many but also helps to reduce pressure on health and long-term care resources. This is the foundation of the *Independent Living BC* program. It is also an issue faced in public housing units, where 4,000 tenants are seniors and one in six is over the age of 75. The result is significant aging in place issues such as isolation, coordination of health support services, and modification of the physical environment to suit more disabled and frail tenants.

[4] *Housing Affordability Index, RBC Financial Group, November, 2003.*

- There are also a number of challenges to house people with mental and physical disabilities. More than 14,000 individuals with multiple health and social needs are receiving some level of housing assistance in the social housing portfolio of 56,300 units. An average of 500 people are turned away each month from Vancouver's four largest shelters. These statistics are consistent with the experiences in other jurisdictions where increasing levels of homelessness is emerging as a serious concern. Increased partnerships with health authorities to provide integrated housing and support services are essential in dealing with these client groups.

Building Envelope Failure

- Social housing built and managed by the non-profit housing sector was subject to the same factors that contributed to the building envelope failures in the private market. In partnership with the non-profit sector, BC Housing has undertaken a detailed assessment that has identified 270 leaky buildings. BC Housing is currently undertaking repairs at a total estimated cost of $150 million. These repairs will be carried out over the next eight years. Budget pressures will impact the building envelope repairs budget in 2005/06 and beyond, resulting in delays to the targeted completion of the repair program. The delays are expected to be manageable, however, as repairs to the most seriously water-damaged buildings are expected to be completed prior to 2005/06.

- A broad cost-recovery strategy is in place with the objective to mitigate the cost of the building envelope repairs by securing financial contributions from the parties responsible for the original design, construction and inspection of the buildings. All possible avenues of resolution will be considered with affected parties.

Fiscal Pressures

- BC Housing's business is subject to many of the same inflationary pressures as private and non-profit organizations. For example, BC Housing attains mortgage rates through monthly public tenders that are on average one per cent below market for new mort ·ges and renewals. If rates increase by one per cent, the provincial share of subsidy costs would increase by $2.5 million. In the same way, housing is subject to inflationary pressures, a one per cent increase in the rate of inflation, above the projected rate of two per cent, impacts the provincial share of subsidy costs by about $500,000.

- Construction costs and skilled labour shortages continue to rise along with increased insurance premiums for new housing developments. A $10,000 per unit increase for construction costs in the *Independent Living BC* program would increase costs by $0.8 million in 2005/06 and $1.6 million in 2006/07.

OPPORTUNITIES

Provincial Housing Priorities Emerging through the Core Services Review Process

- The provincial government has undertaken an evaluation of government services through its Core Services Review. Through this process government has confirmed its housing priority to serve those most vulnerable. BC Housing, in co-operation with the Ministry of Community Aboriginal and Women's Services and the Crown Agencies Secretariat, is examining how best to provide programs and services to serve the most vulnerable. Options and recommendations for program implementation/ transition will be brought to Cabinet in 2004.

Enhanced Federal / Provincial Relationship

- The federal government's re-entry into affordable housing has provided the province with increased partnership opportunities. In 2001, the federal government announced a $680 million affordable housing strategy, of which BC will receive approximately $88.7 million in capital grants. This funding will be applied to *Independent Living BC* and the Provincial Housing Program. In February 2003, the federal government announced the second phase of this initiative. The terms and conditions of this second phase partnership are currently being negotiated. Second phase funding is expected to be in line with first phase monies. Additional federal contribution has also been levered through the Supporting Communities Partnership Initiative (SCPI) that supports local, community-based efforts to identify priorities and develop appropriate solutions to homelessness.

- Future partnership opportunity with the federal government involves the devolution of the administration of the federal social housing portfolio to BC Housing. At present, the ownership of

the public housing sites (7,800 units in 98 properties) is shared with the federal government. A devolution agreement would provide the province with 100 per cent ownership allowing for Public Private Partnership (P3) redevelopment of these sites ensure that the government's housing priorities are met.

- As well, devolution of the administration of 29,500 federal housing units presents opportunity for administrative efficiencies and reduced costs through portfolio amalgamation.

Public Private Partnership (P3)

- BC Housing has entered into a number of innovative P3s that have levered our partners' equity without the need for ongoing subsidies. These partnerships include municipalities, non-profit societies and other housing partners to create additional housing options through one-time or time-limited grants. BC Housing's contributions have also included construction financing and access to consulting, legal advice and lower rates on private sector long-term financing. BC Housing's capacity to participate in these innovative partnerships depends on resource availability. The proposals must be viable without ongoing operating funding from the province.

INTERNAL ENVIRONMENT

While BC Housing has a solid foundation for strong social and operating performance, it faces a number of internal opportunities and challenges over the near-to-medium terms.

CHALLENGES

Aging Public Housing Stock

- BC Housing is currently faced with aging public housing buildings. Many of these were built in the 1950s and '60s. A number of indicators demonstrated through scheduled operational reviews, building and unit inspections, an annual tenant survey and a number of third party studies show that the current condition of the public and non-profit housing stock is adequate. However, some public housing buildings are reaching an age where maintenance and capital replacement costs will need to be increased in order to sustain current health and safety standards. Planned spending on capital asset maintenance for public housing alone totals nearly $33 million over the next three fiscal years. In the long term, redevelopment of these sites will be needed to better serve vulnerable clients. Future initiatives will require effective and integrative partnerships with tenants, community organizations and the private sector to provide appropriate rental housing for those with more complex housing and health needs.

Fiscal Pressures

- To meet the 2004/05, 2005/06 and 2006/07 budget allocations while delivering *Independent Living BC* and the Provincial Housing Program, significant reductions will have to be made in other parts of BC Housing's operations.

- The collective agreements for both bargaining units of BC Government & Service Employees Union at BC Housing will expire in 2004. The province has mandated no wage increases for the next three years.

INTERNAL STRENGTHS AND CORE COMPETENCIES

Technology Developments

- System enhancements provide an opportunity for administrative efficiencies. One such initiative is The Housing Registry, an internet-based database that provides comprehensive applicant information and services to housing providers. The Housing Registry was developed in partnership with the BC Non-Profit Housing Association, the Co-operative Housing Federation of BC, non-profit housing providers, and other community-based service organizations. The goal of the registry is to streamline the application process in order to create efficiencies in housing provider operations, as well as to ensure consistent, fair and equitable applicant access to subsidized housing in British Columbia. Work is underway to develop an enhanced on-line system that will provide increased capabilities for The Housing Registry and will introduce an automated rent calculation module for use by housing providers.

Building Envelope Remediation

- BC Housing's expertise in facilitating building envelope repairs was recognized this year by the federal government and the co-operative sector. BC Housing has signed an agreement with the federal government to manage the technical assessment and repair process of federal co-operative housing projects affected by building envelope failure. This process will assist housing co-operatives in addressing their moisture-related problems quickly and efficiently. As well, BC Housing has signed an agreement with the Ministry of Finance to manage the technical assessment of schools affected by building envelope failure.

Management Strategies

- The management response to a challenging financial environment includes strategies to streamline and improve program administration and reduce our administrative and operating expenses.

In order to create a thoughtful administrative approach stimulated by a modern performance management and incentive-based system, BC Housing is continuing to refine its administrative responsibilities. The goal is to reduce the complexity and cost of those responsibilities while maintaining appropriate oversight of government resources and improving overall program co-ordination. We plan to work with our partners co-operatively to respond to resource constraints in ways that will inspire community-based housing providers to be creative and efficient. Other initiatives that are expected to realize considerable efficiencies and cost-saving measures include:

- Alternate service delivery options will be examined based on best business cases
- Manageable cost reductions in non-profits and cooperatives
- Cost saving strategies such as bulk gas purchase, bulk insurance and a housing investment program
- Some maintenance of the existing public housing portfolio

Maintaining a Skilled Workforce

- Human resource initiatives specifically designed to build a strong and capable organization by addressing organizational climate, attraction and retention, compensation, demographics and skills and leadership training are currently being implemented. These initiatives will help to ensure that BC Housing continues to provide appropriate and cost-effective programs and services to its clients and stakeholders.

Goals, Objectives and Key Strategies

This section provides an overview of BC Housing's goals, objectives and key strategies for the period of 2004/05 to 2006/07 along with key measures and targets for tracking and reporting on our success. The performance measures and targets set out in this section are designed to ensure that we are accountable to government and to the public for the programs and services delivered and the public funds administered in keeping with the vision and directions set out in government's strategic plan.

ALIGNMENT WITH GOVERNMENT'S STRATEGIC DIRECTIONS

The government's vision is for a prosperous and just province where citizens can achieve their potential and have confidence in their future. Central to this vision is a strong and vibrant economy, a supportive social infrastructure, safe, healthy communities and a sustainable environment. Within the context of these broader goals, it has been recognized that housing investments play a central role in contributing to the government's wider social policy objectives including better health, access to education, employment and other opportunities. At the same time, housing investments also contribute to better social outcomes, a strengthened social safety net and cost-effective alternatives to more expensive forms of support.

Many of the goals, objectives and strategies set out in this section have remained largely unchanged from the previous two years. BC Housing will undertake a review of its goals, objectives and strategies in the upcoming year to ensure consistency with the implementation directions set out through the Core Services Review process. This review will ensure that BC Housing implements government's directions in the most effective way possible and to ensure that how we reach our goals is initiated and reported to British Columbians in an open and transparent manner.

COMPARATIVE INFORMATION AND DISCLOSURE OF KEY REPORTING JUDGEMENTS

The information outlined in this section includes comparative information as well as information on industry standards and benchmarks. End notes outline some of the key reporting judgements tied to the various measures and targets including information on why they were selected as well as information on any changes over the past year. Information on the credibility and reliability of the information presented, including information on the data sources as well as potential limitations or uncertainties that should be taken into consideration when interpreting the findings, are also discussed.

CONSIDERATIONS RELATED TO RISK AND CAPACITY

In looking at the goals, objectives, strategies and targets set out in our Service Plan, it is important to recognize that there are many external factors that can influence the outcomes. These include broad social and economic forces such as tax policy, local rental market conditions and changes in employment and economic opportunities for families and individuals. This has been detailed in the section *Planning Context and Key Strategic Issues*. Industry factors such as interest rates, inflation as well as the cost of operating and developing housing can also influence the outcomes. Similarly, it should be recognized that the successful implementation of many of the strategies set out in this plan depend on the policies, decisions, and actions of BC Housing's many partners and stakeholders including the private sector, the non-profit and co-operative housing sectors, and other levels of government. Taking these factors into consideration, the following section provides an overview of the key goals, objectives, strategies and targets for the planning period from 2004/05 to 2006/07.

GOAL #1 – INCREASED HOUSING OPTIONS

Increasing the availability of housing for those most vulnerable in our communities is a key organizational priority. This includes responding to the changing needs of aging seniors as well as the development of a broad range of integrated housing and support strategies for other vulnerable groups and individuals with specific health and support needs. For many of these groups, including those with physical and mental disabilities, as well as those who are homeless or at risk of homelessness, access to housing can help provide the stability needed to improve their health, overcome challenges and move forward in their lives. Recognizing the importance of housing and the role that it plays in responding to the needs of vulnerable groups and individuals and in promoting independence and self-sufficiency, BC Housing will continue to maintain and strengthen its focus in this area. This includes continuing to direct new resources and housing investments to those who are most vulnerable.

OBJECTIVES

- Direct new resources to increase the housing options for the province's most vulnerable citizens
- Lever existing assets to generate additional housing units
- Establish partnerships with the federal government, community organizations, the private sector, local government and other ministries to create additional locally-based housing options

KEY STRATEGIES

- Completion of units under the Provincial Housing Program as well as delivery of the *Independent Living BC* program
- Identification of opportunities to partner with other levels of government as well as the non-profit and private sectors in the development of housing options that do not require on-going government subsidy
- Redevelopment and regeneration of existing social housing assets

PERFORMANCE MEASURES	TARGETS			
	Current Year (Benchmark/Baseline)	**2004/05**	**2005/06**	**2006/07**
Number of additional units provided	1,114 units (target set out in the Service Plan)	1,487 units[5] (revised upward)	1,275 units	875 units
Number of additional units levered through innovative strategies and partnership initiatives	Minimum of 10% of program-based target (target set out in the Service Plan)	Minimum of 15% of the program-based target[6]	Minimum of 15% of the program-based target	Minimum of 15% of the program-based target
Equity contributions levered under the Canada-BC Affordable Housing Agreement	$14.7M (target set out in the Service Plan)	$29.6M[7] (revised)	$14.5M	$7.2M
Equity contributions levered from other sources including housing providers and other government partners	Minimum of 10% of capital costs (target set out in the Service Plan)	Minimum of 12% of capital costs[8]	Minimum of 15% of capital costs	Minimum of 15% of capital costs

[5] *The 2003/04-2005/06 Service Plan target was 1,271 units. This has been adjusted upward to reflect additional units reaching completion in 2004/05. Additional information is provided in the end notes on page 33.*

[6] *The 2003/04-2005/06 Service Plan target was 12 per cent with the target being adjusted upward to reflect the 2002/03 results as well as the current data on 2003/04 performance.*

[7] *The 2003/04-2005/06 Service Plan target was adjusted upward from $23.7M to $29.6M to reflect changes in the federal funding formula that allows for 100 per cent of the grant to be claimed at project commitment.*

[8] *There were no changes made to this target.*

GOAL #2 – CLIENT-FOCUSSED SERVICE DELIVERY

This goal relates to the public housing stock representing approximately 7,800 units – the majority of which are managed by BC Housing. This housing represents an important investment in the social infrastructure in local communities across the province and plays a central role in responding to an increasingly diverse and complex range of housing and support needs. In the delivery and management of this housing, our challenge is to optimize the use of the public housing stock in a way which provides a cost-effective alternative to institutional or crisis services, while at the same time advancing the government's economic and social development goals. Over the past year, BC Housing's focus has been to continue to work to maintain the quality and viability of this housing stock, while at the same time working to achieve high operational standards.

OBJECTIVES

- Provide access to well-managed public housing for those who are most vulnerable
- Ensure the long term quality and viability of the public housing stock through effective management
- Maximize housing options through the public housing portfolio for those with complex housing and health needs

KEY STRATEGIES

- Successful placement of tenants in public housing through an effective process
- Efficient management of public housing through a progressive capital planning process and sound maintenance practices
- Increased emphasis on the placement and support of tenants with complex housing and health needs
- Ensure that management is responsive and client focussed through periodic surveys

PERFORMANCE MEASURES	TARGETS			
	Current Year (Benchmark/Baseline)	**2004/05**	**2005/06**	**2006/07**
Families and individuals assisted through access to public housing	7,800 households[9] (target set out in the Service Plan)	7,800 households	7,800 households	7,800 households
Applicants housed as a result of turnover in the public housing units	1,132 units (based on 02/03 actual results)	1,170 units	1,170 units	1,170 units
Families and individuals with complex housing and health needs assisted through access to public housing	29% of units to turnover filled with families and individuals from one of the designated vulnerable groups (based on 02/03 actual results)	30% of units to turnover filled with families and individuals from one of the designated groups[10]	31% of units to turnover filled with families and individuals from one of the designated groups	33% of units to turnover filled with families and individuals from one of the designated groups
Vacancy rates in the public housing portfolio	3% of active vacancies (target set out in the Service Plan)	3% of active vacancies	3% of active vacancies	3% of active vacancies
Average time taken to collect tenant rents	97% of rents collected within the first 15 working days of the month (target set out in the Service Plan)	97% of rents collected within the first 15 working days of the month	97% of rents collected within the first 15 working days of the month	97% of rents collected within the first 15 working days of the month
High levels of tenant satisfaction captured through periodic surveys	87% of all tenants reporting that they are satisfied (based on 02/03 actual results)	Minimum of 77% of tenants reporting that they are satisfied	Minimum of 79% of tenants reporting that they are satisfied	Minimum of 80% of tenants reporting that they are satisfied
Funding allocated to modernization and improvement projects	Minimum of 90% of planned projects completed in 85% of the developments (target set out in the Service Plan)	Minimum of 90% of planned projects completed in 85% of developments	Minimum of 90% of planned projects completed in 85% of developments	Minimum of 90% of planned projects completed in 85% of developments

[9] *This number is rounded.*

[10] *The targets have been adjusted upward from the 2003/04-2005/06 Service Plan to reflect the current level of performance with an increasing emphasis on housing those who are most vulnerable.*

GOAL #3 – SUSTAINABLE LOCAL HOUSING SOLUTIONS

This goal looks more closely at BC Housing's role in the wider community, including its role in making housing investments that are cost-effective and that deliver long term and lasting change for local communities. To do this, BC Housing is working collaboratively with a broad range of stakeholders to deliver a mix of programs and services designed to provide a continuum of options to meet local needs and housing challenges and the provision of financial and technical assistance to non-profit and co-operative housing providers as well as the provision of targeted rent assistance to households living in housing in the private rental market. The measures and targets outlined below are designed to capture information on BC Housing's contribution to the development of sustainable local housing solutions.

OBJECTIVES

- Effective planning, management and delivery of housing programs and services
- Provision of affordable housing options for those most in need in the private sector
- Respect and support for the expertise and local autonomy of community-based housing providers

KEY STRATEGIES

- Maintain appropriate oversight of government resources while improving the overall level of program co-ordination
- Provide subsidies to non-profit and co-operative housing providers through a performance management and incentive-based system
- Provide coordinated access to social housing through an internet-based housing registry
- Delivery of rent supplement assistance to households living in the private rental market

PERFORMANCE MEASURES	TARGETS			
	Current Year (Benchmark/Baseline)	**2004/05**	**2005/06**	**2006/07**
Subsidies provided to non-profit and co-operative housing providers	This measure is captured in the business overview as well as in the *Summary Financial Outlook*. Therefore in an effort to streamline this report, the decision has been made to discontinue the reporting of this measure in this section.			
Households assisted through non-profit and co-operative housing programs	32,313 households (based on 02/03 actual results)	33,400[11] households[12]	34,700 households	35,600 households
Assistance to households in the private rental market	14,429 households (based on 02/03 actual results)	15,100[13] households	15,100 households	15,100 households
Effectively respond to applicant inquiries	93% of total number of new housing applications processed within 8 working days (based on 02/03 actual results)	90% of total number of new housing applications processed within 10 working days	90% of total number of new housing applications processed within 10 working days	90% of total number of new housing applications processed within 8 working days
Increasing provider participation in The Housing Registry	Baseline of 6 housing providers participating in The Housing Registry (based on 02/03 actual results)	A year over year increase of 5% in the number of housing providers	A year over year increase of 10% in the number of housing providers	A year over year increase of 15% in the number of housing providers
Decreased levels of review for housing providers that have demonstrated effective management	Less than 10% of housing providers requiring a high level of review and support (based on Service Plan target)	Less than 10% of housing providers requiring a high level of review and support	Less than 10% of housing providers requiring a high level of review and support	Less than 10% of housing providers requiring a high level of review and support
Competitive rates for all mortgages renewed or placed	Renewed mortgages 160 basis points below comparable market residential pools (based on 02/03 actual results) New mortgages 144 basis points below comparable market residential pools (based on 02/03 actual results)	Average of 100 basis points below market for comparable residential pools	Average of 100 basis points below market for comparable residential pools	Average of 100 basis points below market for comparable residential pools

GOAL #4 – A HIGH PERFORMING ORGANIZATION

BC Housing, like all areas of government, will continue to operate in an environment of significant change. To successfully manage this change, it is important to put into place structures and strategies to deliver effective and responsive programs and services. This means developing and implementing sound Human Resources strategies and practices. It also means the efficient use of information technology. Over the coming years, we will work to move forward on the directions arising from the Core Services Review and work with key stakeholders across the province to achieve the government's broader social policy objectives. This requires an ongoing staff commitment to excellence, integrity and continuous improvement as well as a commitment to innovation, creativity and flexibility. The following measures and targets are designed to track and report on BC Housing's success in meeting these objectives.

OBJECTIVES

- Maintain a professional, committed work force that is responsible to and reflective of the diversity of the communities where we live and work
- Demonstrated commitment to excellence, integrity and continuous improvement
- Ensure that the functions of the organization are carried out according to government priorities, legislated requirements, and broader social policy objectives

KEY STRATEGIES

- Effective human resource management including recruitment, retention, and promotion initiatives that support the goals of human rights, employment equity, multiculturalism and diversity
- Efficient use of information technology and information management
- Demonstrated commitment to excellence, integrity and continuous improvement

PERFORMANCE MEASURES	TARGETS			
	Current Year (Benchmark/Baseline)	**2004/05**	**2005/06**	**2006/07**
Maintain a skilled workforce	80% of all staff participating in training opportunities (based on 02/03 actual results)	80% of all staff participating in training opportunities[14]	80% of all staff participating in training opportunities	80% of all staff participating in training opportunities
High levels of perfect attendance	19% of all staff with perfect attendance (based on 02/03 actual results)	20% of staff with perfect attendance	21% of staff with perfect attendance	22% of staff with perfect attendance
Success in maintaining a diverse work force	70% of all new staff hired were from one of the four designated groups (women, visible minorities, people with disabilities and Aboriginal people) (based on 02/03 actual results)	Meet or exceed targets representative of the provincial demographic as set out in the Employment Equity Plan	Meet or exceed targets representative of the provincial demographic as set out in the Employment Equity Plan	Meet or exceed targets representative of the provincial demographic as set out in the Employment Equity Plan
Increased use of technology to enhance productivity and improve operational outcomes	Successful development of e-government initiatives (target set out in the Service Plan)	Successful development of e-government initiatives	Successful development of e-government initiatives	Successful development of e-government initiatives

[11] *This number has been adjusted downward from the 2003/04-2005/06 Service Plan target of 34,100 to 33,400 due to delays in the take up of units under the Independent Living BC Program as well as the expiry of agreements under the Section 82(1)(b) program.*

[12] *This number is rounded.*

[13] *This number has been adjusted downward from the 2003/04-2005/06 Service Plan target of 15,600 to 15,100 with the difference being attributable to changes in the administration of units under SIL (Supportive Independent Living) as well as a general decline in the level of take-up of SAFER units.*

[14] *These targets have been set based on our results from 2002/03 and our belief that we can sustain this level of performance.*

End Notes and Disclosure of Key Reporting Judgements

This section provides an overview of some of the key reporting judgements related to the measures and targets set out in BC Housing's Service Plan. This includes information on the basis for the selection of specific measures and targets as well as information on the data sources and the reliability of the information. Potential limitations or uncertainties associated with the data as well as with the measures and targets that have been identified are also discussed in this section.

GOAL #1 – INCREASED HOUSING OPTIONS

Measure #1 Number of additional units provided

This measure is an output measure and is tied to a number of the key strategies including the completion of units under the Provincial Housing Program as well as the delivery of units under the *Independent Living BC* program. The final data captured in the annual report will also include information on the number of units created through innovative strategies and partnership initiatives. The targets that have been set are based on the budget projections for 2003/04 and reflect the anticipated number of units to be completed over the planning period. The target for 2004/05 has been adjusted upward from the 2003/04-2005/06 Service Plan to reflect the anticipated completion of 1,150 *Independent Living BC* units in 2004/05 – part of the 3,500 independent living spaces for frail seniors and people with disabilities to be delivered by 2006. It also includes the completion of the 337 units under the Provincial Housing Program. Data to support this measure is tracked and reported on a quarterly basis through BC Housing's BILD system with delays in the approval process as well as the construction time line having the potential to adversely impact the realization of this target. Similarly, 'success' in levering opportunities and in identifying innovative partnership strategies can result in improved outcomes.

Measure #2 Number of additional units levered through innovative strategies and initiatives

This is a new measure that was introduced in 2002/03 and reflects BC Housing's commitment to explore opportunities outside of the traditional program approach as a means of responding to local housing challenges in an innovative and sustainable manner. This measures tracks the number of additional units created through one-time grants and partnership initiatives and is designed to capture data on the number of additional housing units levered without any on-going operating subsidy. The Service Plan targets have been set at 15 per cent for the planning period reflecting a slight upward adjustment in the current targets to reflect current performance while at the same time maintaining a relatively conservative outlook in terms of future opportunities. Data to support this measure is tracked and reported on a quarterly basis through BC Housing's BILD system.

Measure #3 Equity contributions levered under the *Canada/BC Affordable Housing Agreement*

This measure reflects the anticipated federal equity contributions levered under the *Canada/BC Affordable Housing Agreement* – a multi-year agreement entered into in December 2001 to facilitate an expanded supply of affordable housing across the province. Partnerships with the federal government have helped to make the province's existing programs more sustainable and have allowed government to create an expanded range of options for those who are most vulnerable. Total federal contributions under the *Canada/BC Affordable Housing Agreement* were $23.6M in 2002/03 with an additional $14.7M anticipated for 2003/04. In addition, BC Housing has been able to lever additional federal funding under the *Supporting Communities Partnership Initiative* (SCPI) to support community-based efforts to respond to homelessness. Data to support this measure are tracked and reported quarterly by the Finance Branch within BC Housing through the CMHC claims process.

Measure #4 Equity contributions levered from other sources including housing providers and other government partners

This is an outcome measure that reflects that value of land and partnership equity levered for developments receiving funding approval. The partnership equity reported under this measure includes land contributions as well as grants and equity contributions from other sources including local governments, health authorities and other provincial ministries. The target is based on existing program guidelines and the requirement that a minimum of 10 per cent of capital costs be levered through partnership contributions. Current performance suggests that this target is being met, although external factors including development costs and the high cost of land continue to place pressure on this measure resulting in a decision to hold this target at 15 per cent of total capital costs for 2006/07. Data to support this measure is tracked and reported through BC Housing's BILD system with information being reported at the time that a development reaches completion and funding and equity contributions from external sources have been confirmed.

GOAL #2 – CLIENT-FOCUSSED SERVICE DELIVERY FOR THOSE MOST IN NEED

Measure #1 Families and individuals assisted through access to public housing

This measure is an output measure that reflects the number of units of public housing units funded. This measure provides baseline data for understanding and interpreting other measures in this section. Data for this measure is tracked and reported quarterly through BC Housing's INHOUSE system.

Measure #2 Applicants housed as a result of turnover in public housing units

This measure reflects the number of units to become available through turnover in the public housing portfolio and is based on historical operating data which suggests that on average approximately 15 per cent of all units in the public housing portfolio turnover in a given year. This measure can be benchmarked with turnover in other social housing developments as well as with the general rate of turnover in the private rental market. This measure is also useful in terms of providing insight into the number of potential units to become available for responding to the housing needs of applicants who are currently on BC Housing's applicant registry. Similarly, it helps to provide baseline data for tracking and reporting on BC Housing's performance in terms of assisting households with complex housing and support needs. Data to support this measure is captured in BC Housing's INHOUSE system while comparisons can be made to general mobility data captured in the Census. Comparative information on other social housing providers is also available through targeted research studies.

Measure #3 Families and individuals with complex housing and health needs assisted through access to public housing

This measure is consistent with the directions set out in the government's strategic plan with respect to placing an emphasis on *focussing social housing policy and services on the needs of the client*. This measure is designed to track and report on the extent to which BC Housing has been successful in maximizing housing options for those with complex housing and support needs and is based on monthly placement statistics prepared by Housing Services and the BC Housing Health Services program. This measure reports the number of applicants housed that fall into one of the designated priority groups. This includes women and children fleeing abuse, frail seniors (75+), persons with disabilities including individuals with drug and alcohol addictions as well as persons with a mental illness placed through the BC Housing Health Services program.

Measure #4 Vacancy rates in the public housing portfolio

A vacancy rate of three per cent represents an industry benchmark and is a good measure of the effectiveness of BC Housing's vacancy filling processes. Monthly reports are prepared systematically tracking and reporting the active and physical vacancy rate across the public housing portfolio. In looking at these measures, consideration is given to seasonal variations. Comparisons are also made to the established benchmark of three per cent as well as with the average vacancy rate reported by Canada Mortgage and Housing Corporation through its *Rental Market Report*.

Measure #5 Average time taken to collect tenant rents

Effective rent collection and arrears management practices are key operational requirements. BC Housing maintains an internal target of having 97 per cent of rents collected within the first 15 days of the month. This target is a functional benchmark and is based on past performance.

Measure #6 High levels of tenant satisfaction captured through periodic surveys

BC Housing is committed to high operational standards and service excellence with this measure and target reflecting this commitment. This measure was introduced in 2002/03 with full baseline data being captured in 2003/04 from across households living in BC Housing's public housing stock. The target of a minimum of 75 per cent satisfaction is consistent to "industry standards" and the typical levels of satisfaction reported across households living in social housing. Data to support this measure is captured through a survey of tenants living in housing managed by BC Housing and is completed as part of their annual income review process. Data is entered and reported on a monthly basis with a building by building review to be completed at the end of 2003/04.

Measure #7 Funding allocated to modernization and improvement projects

BC Housing maintains a comprehensive three-year modernization and improvement (M&I) plan that is updated annually to ensure the safety, livability and integrity of the public housing portfolio. This measure is an output measure that reflects the number of M&I projects that are planned in a given year with the over-riding goal being to complete at least 90 per cent of the planned projects on time and within budget. While this measure provides some insight related to the management of BC Housing's M&I plan, there are a number of significant limitations associated with this measure as an outcome measure. As a result, work is under way to develop a measure that is more meaningful in terms of tracking and reporting on BC Housing's success in responding to the challenges of an aging housing portfolio.

GOAL #3 – SUSTAINABLE LOCAL HOUSING SOLUTIONS

Measure #1 Subsidies provided to non-profit and co-operative housing providers

Given this measure is captured elsewhere in the Service Plan, the decision was made to discontinue the use of this measure in this section with the over-riding goal being to develop measures that better reflect the bottom-line impact of BC Housing's investments in local communities. This measure is an output measure that was adjusted annually and is captured in BC Housing's Business Overview and Summary Financial Outlook.

Measure #2 Households assisted through access to non-profit and co-operative housing programs

This is an output measure that reflects the number of households accessing non-profit and co-operative housing. The specific targets are set based on anticipated completions set out in BC Housing's budget and reflect the existing supply of non-profit and co-operative housing as well as new units reaching completion. This number is expected to continue to increase as new units reach completion under the Provincial Housing Program as well as under the *Independent Living BC* program. Success in meeting the targets is dependent on a number of factors including delays in the completion or allocation of units.

Measure #3 Assistance provided to households in the private rental market

BC Housing also provides housing assistance to households in the private rental market. This includes assistance provided to low income seniors under the Shelter Aid for Elderly Renters (SAFER) program as well as targeted assistance under a mix of other programs. Previous targets also included assistance provided to individuals with chronic and persistent mental illness provided under Supported Independent Living (SIL). The numbers set out in the Service Plan have been adjusted downward to reflect a decline in the general level of take-up of SAFER units as well as changes in the administration of units under SIL with administration for these units reverting back to local health authorities in some cases.

Measure #4 Effectively respond to applicant inquiries

This measure reflects an internal service standard or benchmark for staff in Housing Services and is designed to enable staff to meet their goals of providing prompt, reliable and knowledgeable service to the more than 500 applicants who apply each month. Data for this measure is tracked and reported monthly through a systems-generated report. In looking at performance data related to this measure, there is evidence to suggest that while the target was achieved in 2002/03, this level of performance can not be sustained. Specific challenges relate to an increase in the volume of new housing applications received as a result of the expansion of The Housing Registry (see measure 5). As a result of these pressures, the decision has been made to adjust the target downward for 2004/05 and 2005/06. At the same time, it should be noted that the Service Plan makes provisions for restoring service levels to the current levels for 2006/07 as activities related to The Housing Registry and the processing of new housing applications becomes more routine.

Measure #5 Increasing provider participation in The Housing Registry

The Housing Registry was launched in 2001/02 and is designed to provide an integrated approach to housing access across housing providers while at the same time providing 'one stop' access to housing applicants. As of March 31, 2003, there were six housing providers with signed Member's Agreements who were actively using The Housing Registry. Current data suggests that 2003/04 results have already resulted in double this number with staff continuing to work to market The Housing Registry to other housing providers. The current targets related to this measure have been adjusted to reflect the current levels of take-up from across the non-profit and co-operative housing sectors with the goal being to continue to expand the level of participation in the Registry.

Measure #6 Decreased levels of review for housing providers that have demonstrated effective management practices

This measure supports BC Housing's objective to respect and support the expertise and autonomy of community-based housing providers with this measure helping to create the capacity for moving toward a risk-based/incentive-based approach in the management and administration of housing subsidies. Specifically, this measure creates the capacity within BC Housing to target the overall level of review and support to those housing providers that require the greatest support with the over-riding goal being to have less than 10 per cent of all housing providers in this category. Data for this measure is captured in the Housing Provider Profile a composite measure that captures performance in a number of key operational areas.

Measure #7 Competitive rates for all mortgages renewed or placed

This measure is tracked monthly based on the results of mortgage tenders for newly placed or renewed mortgages. Results are compared to posted mortgage market rates that would be available to housing sponsors if BC Housing were not involved in the placement of loans. This measure relates only to those mortgages placed on wholly provincial projects with mortgages for projects under cost-shared projects being held by Canada Mortgage and Housing Corporation. This measure is tracked and reported on a quarterly basis.

GOAL #4 – A HIGH PERFORMING ORGANIZATION

Measure #1 Maintain a skilled work force

Investing in training and working to build the core competencies of staff not only increases our effectiveness as an organization but it also better enables staff to do their jobs. This measure tracks and reports on the number of training opportunities that have been identified across staff (including mandatory training in compliance with legislated requirements) with the underlying goal being to maintain a professional and skilled work force. Data for this measure is reported annually and is based on individual Branch/Departmental training plans.

Measure #2 High levels of perfect attendance

A high quality work place is linked to high levels of job satisfaction and productivity. It could also be linked to high levels of perfect attendance and low levels of turnover. Approximately 20 per cent of staff annually have perfect attendance records across the organization with BC Housing's overall Service Plan goal being to maintain or improve upon these current levels.

Measure #3 Success in maintaining a diverse work force

This measure tracks and reports on the extent to which BC Housing has been successful in recruiting and placing staff from across demographic groups including women, people with disabilities, visible minorities, and Aboriginal people with the goal being to pursue recruitment and hiring practices that are open and inclusive. Data for this measure is captured through a self disclosure form that has been incorporated into BC Housing's recruitment/application process.

Measure #4 Increased use of technology to enhance productivity and improve operational outcomes

Successful implementation of technology-based initiatives is measured and reported on a case by case basis with the over-riding goal being to make increased use of technology in a way which enhances productivity, contributes to stronger operational outcomes and improved client service.

Measure #5 Carry out functions as specified in the Shareholder's letter

Given challenges related to the operationalization of this measure, the decision has been made to discontinue the use of this measure with key performance outcomes being reported elsewhere in the plan including the CEO's letter and/or the environmental scan/strategic context.

Measure #6 Compliance with related acts and legislation

Given challenges related to the operationalization of this measure, the decision has been made to discontinue the use of this measure with key impacts arising from legislative changes being captured in the environmental scan/strategic context.

Summary Financial Outlook

2004/05 to 2006/07 *(in thousands of dollars)*	2003/04 APPROVED	2004/05 BUDGET	2005/06 FORECAST	2006/07 FORECAST
REVENUES	$	$	$	$
Provincial Share	139,349	142,406	142,406	143,906
Federal Share	89,338	98,788	87,855	84,264
Other	47,164	45,939	47,359	48,808
Total Revenues	**275,851**	**287,133**	**277,620**	**276,978**
EXPENDITURES				
Public Housing	51,599	56,128	47,110	44,038
NP & Housing Co-operatives	175,290	180,817	178,268	180,758
Rent Supplement Assistance	29,559	29,712	31,639	31,510
Administration	19,403	20,476	20,603	20,672
Total Expenditures	**275,851**	**287,133**	**277,620**	**276,978**

COMPLETION OF NEW UNITS				
Year	Provincial Housing Program	*Independent Living BC*	Woodwards	Total
2004/05	337	1150		1487
2005/06		1275		1275
2006/07		775	100	875

Key assumptions and risks/sensitivities associated with the financial projections are:

KEY ASSUMPTIONS	RISKS AND SENSITIVITIES
The mortgage rate is assumed to be 6.1% for 2004/05, 6.64% for 2005/06 and 7.0% for 2006/07.	A 1% increase above the budgeted rate increases housing subsidies by about $4.4M in 2004/05 ($2.5M provincial) and up to $8.7M. In 2006/07($5.2M provincial).
The estimated costs for the building envelope repair program is $150M ($30M spent to March/03). Implementation of budget reduction strategies in 2005/06 has moved the target completion date forward to 2010/11.	Cost estimates are subject to revision pending completion of detailed assessments of Vancouver Island buildings. Significant cost increases and delays to repairs already planned could further delay the target completion date resulting in more serious deterioration.
Assumes completion of new units as follows: **Provincial Housing Program** / **ILBC** / **Woodwards** 2004/05: 337 / 1150 2005/06: 1275 2006/07: 775 / 100	Completions earlier than planned increase housing subsidy requirements.
Subsidized housing tenants (including those receiving BC Benefits) pay 30% of their gross income as rent.	A 1% reduction in family incomes reduces tenant rent revenues by $1.3M ($0.7M provincial) for both public housing and non-profit housing.
Capital asset repairs budget has been significantly reduced in 2005/06 to meet cost reduction targets.	Redevelopment of public housing stock can mitigate impact of cost reductions. Redevelopment of public housing stock is contingent upon successfully concluding a devolution agreement with Canada Mortgage and Housing Corporation that transfers full ownership to BC Housing of the public housing stock to the province
The CPI inflation rate assumption is 2% for all years.	A 1% increase in CPI higher than budgeted increases expenses by $0.9M in 2004/05 ($0.5M provincial).
Zero per cent wage increases are assumed for all three years.	A 1% wage increase results in $0.2M additional expenses in 2004/05 ($0.1M provincial).
Construction cost estimates for ILBC units are subject to market influences such as insurance and skilled wage shortages.	A $10,000 per unit increase results in a $1.6M additional annual provincial subsidy requirement by 2006/07.

Glossary

Core Need: Canada Mortgage and Housing Corporation produces annual Core Need Income Threshold tables (CNITs) for each community. CNITs set maximum income levels for different sized units in different areas of the province. These incomes represent the most people can earn and remain eligible for a rent subsidy. Below these income levels, it's difficult for people to find housing that is not crowded and in good repair, without spending more than 30 per cent of their income on rent.

Independent Living BC: This is the province's housing for health program for seniors with low- to moderate-incomes, and people with disabilities. *Independent Living BC* will create 3,500 independent living units through BC Housing in partnership with the regional health authorities, Canada Mortgage and Housing Corporation, and the private and non-profit sectors. The program is part of the provincial government's New Era commitment to add 5,000 intermediate and long-term care beds across the province by 2006. *Independent Living BC* encompasses two types of housing: independent housing with some support services, and assisted living for those who need a greater level of care.

Housing Provider: Non-profit housing societies and housing co-operatives, which own and manage affordable housing developments. This term can also include private market landlords, through which BC Housing provides rent supplements to low- and moderate-income households.

Operating Budget: An operating budget is the annual budget for a non-profit or co-operative housing development. The budget forecasts costs for operating a development, based on income and expenses, and is used to determine how much subsidy BC Housing provides each month to run the building.

Subsidized Housing: This type of housing encompasses all types of housing in which the provincial government provides some type of subsidy or rent assistance, including rent supplements for people living in private market housing. It includes emergency housing and short term shelters.

Provincial Rental Housing Corporation (PRHC): The Provincial Rental Housing Corporation owns real estate for social housing, and leases the land to non-profit societies and housing co-operatives.

Public Housing: This housing is jointly funded by the provincial and federal governments and predominantly managed by the provincial government. It includes some of the oldest social housing in Canada, much of which was constructed in the 1950s and '60s.

Social Housing: This housing includes both public housing and subsidized housing owned and managed by non-profit and co-operative housing providers.

Subsidy: BC Housing advances monthly subsidies to organizations to cover the costs of operating social housing developments. The amount of the subsidy is based on the operating costs set out in the annual budget, less the total rents/housing charges collected from residents. Subsidy payments include rent subsidies/repayable assistance, and cover the mortgage payments, building maintenance and other shelter-related costs.

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Further information about BC Housing is available on the Internet at www.bchousing.org

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